



Testimony of William Leahy
Institute for Sustainable Energy at Eastern
Connecticut State University
Before the
Energy and Technology Committee
Tuesday, March 17, 2009
Raised Bill 1132

Good afternoon, Senator Fonfara, Representative Nardello and distinguished members of the Energy and Technology Committee. My name is William Leahy and I am the Chief Operating Officer for the Institute for Sustainable Energy (ISE) at Eastern Connecticut State University (ECSU) and I am speaking on behalf of President Elsa Nunez. I am here today to speak in support of **Raised Bill 1132 - An Act Concerning Energy Inefficient State Buildings.**

The use of a whole building, all fuels assessment and energy improvement approach is a very desirable strategy. The Institute has always advocated assessing buildings for all opportunities to reduce all forms of energy use. Also the use of Performance Contracting has proven to be very successful in federal projects nationally. Here in Connecticut, there have been a number of communities that successfully implemented comprehensive energy improvements utilizing third party financing and performance contracting. These include Stamford Public Schools, Windham Public Schools and the Bridgeport Housing Authority.

My concerns are about the terms and conditions included in the contract. The calculations for cost and savings has been the greatest source of controversy surrounding the use of performance contracting. The raised bill reads:

Section 1 (d) Arrangements between a municipal or state facility and an electric distribution company shall provide for payment from such facility based on a formula to calculate monthly charges that provide for full recovery of any incurred costs....

Massachusetts has been successful at financing nearly ALL their school and public housing energy renovation projects since 2003 with a **standard performance contract**. The State of Massachusetts Department of Capital Asset Management has developed a standard contract with terms and conditions that is approved by their Attorney General and available for use by any state or municipal agency that is interested in making large capital changes related to energy through performance contracting. With the potential for subsidies from the federal government through the American Recovery and Reinvestment Act, financing the balance through Energy Services Companies would be a great way to relieve the state and many communities of the capital expenditures needed to complete school and municipal projects. The development of a standards contract would also go a long way to establishing a viable Energy Services Industry in Connecticut. I attached information on Mass DCAM Performance Contracting for your review.

Thank you for this opportunity to support your assessment of this important legislation. I would be happy to answer any questions that you may have at this time.

Respectfully Submitted;

William M. Leahy

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Energy Performance Contracting Program

The Performance Contracting Program is a turnkey program whereby private Energy Service Companies (ESCOs) undertake the study, design, and installation of conservation measures to upgrade existing state facilities' building systems at no up-front capital cost to the state. Contracts are typically awarded for a term of ten years. The Performance Contracting Program offers several benefits to the Commonwealth:

- This procurement approach enables the state facility to upgrade energy and water related equipment without making any up-front investments.
- The state facility is guaranteed a net positive cash flow for the contract term, since the ESCo must guarantee that the facility will achieve energy and water savings relative to existing usage.
- The state eventually assumes management of a facility with reduced energy and water requirements, and with staff trained to operate and maintain the new equipment.

[Final Revised \(2-08\) Energy Services Agreement \(ESA\) for comprehensive energy projects procured under M.G.L. Chapter 25A Sec. 11c](#) **PDF**

[Final Revised \(2-08\) Energy Services Agreement \(ESA\) for Equipment, Design, and Installation energy projects procured under M.G.L. Chapter 25A Sec. 11c](#) **PDF**

[Final Draft of Revised Model Audit Agreement with new Measurement and Verification Requirements](#) **Word**

Some helpful links to more information about [State Energy Saving Programs](#), [Federal Energy Saving Programs](#) and [Energy Performance Contracting Project Snapshots](#).

This information provided by the [Division of Capital Asset Management](#).

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